

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Western Massachusetts Electric Company)
Settlement Agreement)

DTE 04-106

**PETITION OF WESTERN MASSACHUSETTS INDUSTRIAL CUSTOMERS GROUP
FOR LEAVE TO INTERVENE AS A FULL PARTICIPANT**

Now come General Electric Company, MeadWestvaco Corporation, and Solutia, Inc. (collectively the Western Massachusetts Industrial Customers Group “WMICG”) and hereby petition for leave to intervene in the proceeding docketed as DTE 04-106 concerning the Settlement Agreement among Western Massachusetts Electric Company (“WMECo”) Massachusetts Attorney General (“AG”) and Associated Industries of Massachusetts, Inc. (“AIM”) filed on November 16, 2004 with the Department of Telecommunications and Energy (“Department”). The Settlement Agreement requests approval of a distribution rate increase of \$6 million on January 1, 2005 and a further increase of \$3 million on January 1, 2006.

The filing is a request for a general increase in base rates which is subject to M.G.L. c. 164, s. 94 including required public notice and a hearing. In addition, the statute authorizes the suspension of the effective date of any rate increase request for up to six months from the requested effective date or May 1, 2005.

The Settlement Agreement at p. 2 indicates that the distribution increase “will be applied on an equal basis to each rate class.” The attached schedules indicate that the distribution rate increase for 2005 is applied to each kWh sold by WMECo at the rate of \$0.00146. No allocated cost of service study was presented which indicates that the method proposed is just or

reasonable. In fact, WMECo has not presented an allocated cost of service study to the Department since its last base rate increase in DPU No. 91-290 approximately thirteen years ago. Even if the current distribution rates are assumed to be properly allocated to each rate class, the increase should not be on an equal mills per kWh to each rate class unless the underlying distribution rates for each class are the same. Attachment 3 of Exhibit A of the filing clearly indicates that this is not the case. There is good reason for this as some rate classes are served primarily at primary voltage while others are served primarily or exclusively at secondary voltage thus requiring the installation of additional rate base to serve such customers. Thus, the proposed allocation of the distribution rate increase is unjust and unreasonable as proposed. Without the benefit of an allocated cost of service study as a reference any rate increase, if any, should be allocated to each rate class based on an equal percentage of current distribution revenue.

The filing indicates that if the Settlement Agreement is not accepted by the Department that WMECo would file an increase request of \$16.931 million as per Exhibit C. At this time there is not adequate information to review the validity of the claimed alternative. For example, there is no indication of a pro forma revenue adjustment regarding the special contracts some of which expired or will expire during calendar year 2004. In addition, if such contracts are at a discount there is no indication that other customers are not being charged for such discount in violation of Department policy.

The filing requires clarification regarding Rate PR and how it will operate after the termination of standard offer service as of March 1, 2005. Currently Rate PR includes charges for standard offer service at the current rate of 5.607 cents per kWh. After March 1, 2005 it is unclear if there will be any increase or decrease in Rate PR based on the then current default

service rate. If there is an increase or decrease in Rate PR based on the default rate there is no clear mechanism of how to calculate the increase or decrease. Further, is the customer then able to purchase competitive supply with a shopping credit equal to the current embedded generation charge of 5.607 cents per kWh?

WMICG states as follows:

(1) The customers purchase large amounts of electricity and distribution service under various tariff rates of Western Massachusetts Electric Company including rates T-2 and PR and special contracts on file with the Department.

(2) The customers have been permitted to intervene and have actively participated in numerous rate filings of WMECo including without limitation the last rate case filing in DPU 91-290, Electric Restructuring Filing in DTE 97-120 and reconciliation filings in DTE 03-34 and DTE 04-40. The customers have an ongoing interest in continuing its participation in the present proceeding which proposes to increase base distribution charges by \$6 million on January 1, 2005 and an additional \$3 million on January 1, 2006.

(3) The interests of the WMICG are not adequately represented by the Attorney General, who represents primarily the interests of residential customers. The interests of WMICG are not represented by AIM which failed to even consult with WMICG concerning the proposed settlement even though WMICG has actively participated in rate filing of WMECo for over twenty years.

(4) The participation of WMICG in this proceeding will include a full review of the filing, filing of information requests, cross-examination of witnesses, possible presentation of witnesses, filing comments, motions and briefs, as required.

(5) WMICG also requests that the Department suspend the proposed distribution rate increases pending a full review of the filing and require WMECo to file an allocated cost of service study with respect to the proposed allocation of the increase and the normal rate case filing information required by the Department. The suspension of the distribution rate increase would not prevent a proper adjustment to the transition and transmission charges which are each subject to further review and reconciliation by the Department.

WHEREFORE, WMICG prays that the customers be permitted to intervene as a full intervenor.

Respectfully submitted,

GENERAL ELECTRIC COMPANY,
MEADWESTVACO CORPORATION,
SOLUTIA, INC.
by their attorneys,



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Date: December 2, 2004

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties of record in these proceedings in accordance with the requirements of 220 CMR 1.05(1) (Department's Rules of Procedure and Practice).

A handwritten signature in black ink, appearing to read "Andrew J. Newman". The signature is written in a cursive, flowing style.

Andrew J. Newman

Date: December 2, 2004